

Message Text

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ACTION EUR-12

INFO OCT-01 EA-10 ISO-00 EB-08 COME-00 CIAE-00 INR-10
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FM AMCONSUL FRANKFURT
TO SECSTATE WASHDC 1062
INFO AMEMBASSY BERN
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AMEMBASSY HAGUE
AMEMBASSY LONDON
AMEMBASSY PARIS
AMEMBASSY ROME
AMEMBASSY TOKYO
USMISSION USBERLIN
AMCONSUL BREMEN
AMCONSUL DUSSELDORF
AMCONSUL HAMBURG
AMCONSUL MUNICH
AMCONSUL STUTTGART

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E.O. 11652: N/A
TAGS: BEXP, BTRA, GW
SUBJECT: USE OF AMERICAN HOTELS BY USG - SUPPORTED TRADE/INVEST-
MENT MISSIONS AND OFFICIAL U.S. TRAVELLERS ABROAD

REF : FRANKFURT 401

1. FOR SOME MONTHS, GUY FREY, THE GENERAL MANAGER
OF FRANKFURT INTERCONTINENTAL HOTEL HAS URGED US
TO ASSIST IN PERSUADING USG-SUPPORTED TRADE/
INVESTMENT MISSIONS TO STOP AT US-OWNED OR AFFILI-
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ATED HOTELS IN FRANKFURT. A REVIEW OF OUR FILES
SHOWS THAT HE HAS A POINT. DURING 1977, WHICH WAS
A TYPICAL YEAR ONLY THREE OUT OF TEN TRADE/INVEST-
MENT MISSIONS USED LOCAL U.S. HOTELS. HIGH-VISIBILITY
GROUPS, E.G., TRADE AND/OR REVERSE INVESTMENT MISSIONS
HEADED BY A STATE GOVERNOR, GET GOOD PRESS COVERAGE

IN FRANKFURT AND, WORLDWIDE, GENERATE FAVORABLE PUBLICITY FOR THE HOTELS WHERE THEY STAY, USUALLY WITH MAGNIFIED EFFECT SINCE PICTURES AND OTHER COVERAGE ARE FEATURED IN THE HOTEL CHAIN'S WORLDWIDE ADVERTISING.

2. WE HAVE POINTED OUT THAT INTERCONTINENTAL'S PRICES, DM 140-170 PER NIGHT FOR SINGLE (DM 2.00 EQUALS \$1.00) EXCEED THE DM 80.00 OFFERED BY HIS MAJOR LUXURY HOTEL COMPETITOR (FRANKFURTER HOF) TO TRADE/INVESTMENT MISSIONS. FREY SAYS THAT THE COMPETITION IS COVERTLY BREAKING A LOCAL CONVENTION ON HOTEL RATES, BUT ACKNOWLEDGES THAT THE PRACTICE IS WIDESPREAD. (OTHER U.S.-AFFILIATED HOTELS IN FRANKFURT ALREADY OFFER DISCOUNTS THAT MEET LOCAL COMPETITORS IN THEIR RESPECTIVE QUALITY RANGES.) AS A MEANS OF GETTING AROUND THE LOCAL RATES CONVENTION AND TO MEET COMPETITION, E IS WILLING TO CONSIDER THE U.S. GOVERNMENT A "FIRM" AND TO OFFER ROOMS FOR DM 80.00 DURING PERIODS THERE ARE NO INTERNATIONAL FAIRS IN FRANKFURT IF IT CAN BE ASSUMED THAT TRADE/INVESTMENT MISSIONS SPONSORED BY THE "FIRM" WILL HAVE 300 OVERNIGHT STOPS PER CALENDAR YEAR IN WORLDWIDE INTERCONTINENTAL CHAIN.

3. WE ARE TOLD THAT THE INTERCONTINENTAL EXECUTIVE VICE PRESIDENT FOR OVERSEAS OPERATION MAY RAISE THIS MATTER WITH THE DEPARTMENTS OF COMMERCE AND LIMITED OFFICIAL USE

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STATE.

ACTION REQUESTED:

4. WE SUPPORT THE CONCEPT THAT TRAVELLERS ON THE MISSION OF PROMOTING U.S. EXPORTS OR INVESTMENTS IN UNITED STATES STOP AT U.S. HOTELS AS A MEANS OF PROJECTING A TOTAL AMERICAN IMAGE. URGE DEPARTMENTS OF STATE AND COMMERCE VIGOROUSLY TO STEER THESE U.S. TRAVELLERS TO U.S. PRESTIGE HOTELS ABROAD WHENEVER FACILITIES EQUAL LOCAL HOTELS. SUBJECT MIGHT USEFULLY BE RAISED WITH NATIONAL ASSOCIATION OF STATE DEVELOPMENT AGENCIES. INFO ADDRESSEES IN CITIES WHERE STATE TRADE/INVESTMENT OFFICES ARE LOCATED MIGHT WANT TO DISCUSS USE OF U.S. HOTELS WITH THESE OFFICES. BAKE

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NNN

*** Current Handling Restrictions *** n/a

*** Current Classification *** LIMITED OFFICIAL USE

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